



Queensland Mining Corporation Limited

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31st May 2013

Dear Shareholder

THE NEW QMC AND THE PATH AHEAD

As the newly appointed Chairman of QMC I thought it would be appropriate and timely for me to write to you to introduce myself and to provide you with an update on your company and a view of what the future may hold for us.

As you will be aware, Queensland Mining Corporation has undergone significant changes in the past months, including the installation of a new Board, with new management and new major shareholders. All of these changes have considerably strengthened the company and provided a solid platform for growth in what are challenging times for junior resource companies. QMC has high quality assets in what is a very prospective and productive, world-class copper-gold province, one with which I am personally very familiar. The existence of these attractive assets, and their obvious further potential, was a major factor in encouraging me to join the company as an independent director and Chairman. I believe that the Cloncurry region is an ideal locality in which a company like ours might focus its efforts, offering everything from small, rich deposits, such as Malachite Resources' Lorena Gold Project, to major copper-gold operations, such as Xstrata's Ernest Henry Copper Mine. Perhaps surprisingly, too, much of the area of interest to us remains significantly underexplored.

My own background is very much as a hands-on, mineral exploration geologist, with a record of discovery of which I am proud, including key roles in the discovery of the Northparkes Copper-Gold Mine and the Cowal Gold Mine, both in New South Wales, and the Wodgina Tantalum and Paddington Gold Mines in Western Australia. I have been fortunate to be able to enhance that geological expertise with formal business training and considerable experience, over more than 15 years, as a public mining company director. Having also spent some time in government (as Director General of Mineral Resources in NSW from 1993 to 1997) I believe I can add extra value to QMC in terms of government relations and the somewhat tortuous, regulatory and statutory processes that are part of the exploration and mining development environment these days.

The key changes to the Company's operations as a result of the significant changes to the Board and management over the past six months may be summarised as follows:

1. Cost Reductions – It is important for the future of all junior mining companies that they operate in an environment of low overhead costs and QMC has taken significant steps to reduce its costs. It has reduced its staff numbers by approximately 70% and reduced the requirements for 3rd party consultants at a management level. Significant savings have also



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been made by moving head office to Perth and reducing the number of operating technical offices. The management is now much leaner and more efficient through the utilisation of staff with appropriate exploration and development experience.

2. Exploration and Development Focus – The team has also identified the importance of a focussed and strategic approach to its exploration activities. The Board and management clearly see the best potential to add value to the Company is in development of, and further discoveries within, the White Range Project. As a result, we are now focussing all our efforts on this aspect of our core project. To assist this aim, we are currently seeking divestment of and joint venture opportunities for, our non-core assets.

The White Range Project remains one of the largest undeveloped copper projects in the Cloncurry region. It currently includes resources containing approximately 250,000t of copper and 200,000 oz of gold and is ideally located between the major copper production centres managed by Ivanhoe Australia Ltd and CopperChem Ltd.

Importantly, the results of drilling in late 2012 by QMC at two of its principle ore targets, Greenmount and Young Australia, clearly showed the potential to upgrade these resources and as a result the economic value of the White Range Project. These results are exemplified by drilling within the central part of the Greenmount resource, previously thought to be only of low grade, which intersected 72 metres at 2.4% Cu and 0.9g/t Au; this is an outstanding result. We are anticipating an updated resource estimate for Greenmount, incorporating the new results, to be available in late June.

The third of the principle resources within White Range, Kuridala, has not as yet been drilled by QMC but our geological team has identified areas with potential for additional resources which currently lack sufficient drilling. Importantly, Kuridala has already shown its high grade credentials and has significant widths of mineralisation right from surface, potentially making it the most important of the White Range resources from a project economic and early development perspective.

In addition to the obvious value of the current resources, QMC holds exploration title to a large area of prospective ground adjacent too, and along strike from, the key resources. In the past these areas have been the subject of sporadic prospecting and drilling but not to systematic exploration by dedicated copper explorers. As a result, QMC has a superb opportunity to significantly increase its resource base through new discoveries on its existing tenements. In a recent evaluation the Company's geologists have identified more than 15 prospects where historical scout drilling intersected copper grading more than 1%. The best of these are the Copper Canyon prospect, where drilling intersected 52m at 1.7% Cu and Toby Barty, where drilling intersected 24m at 2.5% Cu. Both of these prospects look very promising from a future potential point of view. The Company has now embarked on a program of detailed exploration of these additional prospect areas to identify which of them offer the best targets for renewed exploration drilling.

I believe that QMC is on the cusp of becoming one of the key players in the Mount Isa – Cloncurry copper-gold mining province. Once we are satisfied that we have delineated the greater part of the



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resource potential on our tenements we will look at our mine development options. There are several ways in which an exploration company like QMC might make the transition to producer. My view, which is shared by the Board, is that a low risk option, such as a joint venture with an existing producer, is most likely to offer us a path to production that minimises the need for capital from QMC and maximises the return to our shareholders. But all in good time – first we need to convert more of our ‘potential’ to ‘resource’ so that we are in the strongest position possible when we seek to make that transition from ‘explorer’ to ‘miner’.

We are fortunate to have at QMC a small, highly competent technical team, led by Tony Martin, which is very motivated to grow the value of the company’s assets and realise the potential they see within our tenements. We have adequate cash resources for the foreseeable future (approximately \$1.9m) and we will make sure those funds are utilised carefully and effectively. Our management team is strongly supported by new major shareholders, who are equally determined to see Queensland Mining Corporation become a standout success.

I look forward to working with Tony and his team, my fellow directors and our owners to achieve that success in the months and years ahead.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Garry Lowder', is written over a light blue horizontal line.

Garry Lowder

Chairman

Queensland Mining Corporation Limited